## REMARKS

In this amendment, claims 1-15, 17, 19-25, and 27-36 have been amended, and claims 26 and 37 have been cancelled. No new matter has been introduced by this amendment.

Accordingly, claims 1-17, 19-25, 27-33 and 35-36 are now pending and believed to be allowable over the cited references. Reconsideration and allowance of these claims is hereby respectfully requested.

In the above-mentioned Final Office Action, the Examiner indicated new grounds of rejection and considered Applicants' previous arguments as moot in view of such new grounds of rejection. For reasons as will be outlined below, Applicants believe that the new claim rejections are overcome.

In the claim rejections under 35 U.S.C. §112, 2<sup>nd</sup> paragraph, the Examiner indicated that there is no relationship between the preamble and body of claim 1. However, because the amendment to claim 1 renders this rejection all together moot, Applicants respectfully request reconsideration and withdrawal of this claim rejection.

Notably, as part of this same rejection, the Examiner indicated that "claims 1, 8, 11, fail to not [sic] produce a useful, concrete and tangible result. This type of rejection is not appropriate under 35 U.S.C. §112, and, if at all, it would have been appropriate under 35 U.S.C. §101. Either way, Applicants respectfully disagree that the apparatus (systems) recited in claims 1, 8 and 11 do not produce a useful, concrete and tangible result." For example, even in its previous form, the system of claim 1 generally included a web server with a database for managing accounts and an auction server linked to the web server for receiving bids and reserving amounts of payment units from the accounts based on such bids, if valid, thereby reducing the amount of payment units available to a bidder for other bids (akin to preventing an overdraft). In its current form, the system of claim 1 likewise includes the web server and auction server and, in addition, it performs the function of redeeming points reserved from user accounts when they successfully bid for an item. In other words, claim 1 had and continues to have a useful, concrete and tangible result as required by 35 U.S.C. §101. A similar analysis applies to claims 8 and 11. Accordingly, Applicants believe that this apparent 35 U.S.C. §101 rejection should be withdrawn.

Further in the aforementioned Final Office Action, the Examiner rejected claims, 1-17, 19-33, and 35-37, over cited references. Specifically, the Examiner rejected the enumerated claims under 35 U.S.C. §103, where: claims 1-4 have been rejected as being unpatentable over U.S. Patent 5,835,896 to Fisher in view of U.S. Patent 6,704,713 to Brett; claims 15-17, 27 and 28, have been rejected as being unpatentable over U.S. Patent 5,835,896 to Fisher in view of U.S. Patent 6,178,408 to Copple; claims 19-22, have been rejected as being unpatentable over U.S. Patent 5,835,896 to Fisher in view of U.S. Patent 6,178,408 to Copple; and claims 23-26, as well as claims 29-33 and 35-37, have been rejected as being unpatentable over U.S. Patent 6,178,408 to Copple in view of U.S. Patent 6,178,408 to Copple in view of U.S. Patent 6,113,495 to Walker.

In making these rejections, the Examiner has again made a number of unsupported assertions which are respectfully traversed and objected to herein. In one example, as to the assertions in page 4 (6<sup>th</sup> and 7<sup>th</sup> paragraphs) regarding claim 5, there is no support in the cited references and no other reference is provided in support of the alleged knowledge in the art of universal points in the context of on-line auctions. Even if there would have been knowledge in the art of universal points in the context of bank cards, as suggested by the Examiner, this knowledge would not have automatically translated to on-line auctions. In the absence of other sources, one would have had to glean this information in Applicants' disclosure (and exercise impermissible hindsight). In another example, although claim 6 was amended where the assertions about it are generally moot, it is nonetheless important to point out that it is misleading to have read claim 6, and in fact the claims on which claim 6 depends, as being directed to a system whose main function is to "collect payments for bids submitted." It is indeed improper to analyze claims, presumably, based on the gist of the invention, as mis/understood by the Examiner. Moreover, the cited art does not and there is no other reference that provides support for the proposition that:

As indicated in the Office Action Summary Page and as can be understood from the Detailed Action the Examiner rejected Claims, 1-17, 19-33, and 35-37, although in Section 7, in which the Examiner indicated rejection of claims 23-26, the Examiner discussed but did not separately indicate rejection of claims 29-33 and 35-37. There is no other place in the Detailed Action where claims 29-33 and 35-37 are treated separately.

See, Note 1 above.

See: Section 4, page 5, 3<sup>rd</sup> paragraph.

"using incentive points ... to cover the cost of bids would not have affected the *true* function of the system because incentive points can be redeemable wherever these points are accepted and... the type of payment would not have affected the main function of the system which would have been to collect payments for bids submitted"

(emphasis added).

As to the cited references themselves, in addition to arguments already made in prior responses about the teachings in Fisher and Walker (which arguments are incorporated herein by reference), the following will further show that the combined teachings of the references cited by the Examiner along with the alleged knowledge in the art do not produce each and every element of the claimed invention as recited in the enumerated claims; and that the cited references are not properly combined. Therefore, the references relied on by the Examiner do not support the claim rejections under 35 U.S.C. §103.

As to the rejection of independent claims 1, 8 and 11, the Examiner relied on the combination of Fisher and Brett.

Claim 1 is directed to an auction-redemption system which includes, in part:

a web server;

an account database for maintaining account records with points, including credit points, that are redeemable and represent payment units for covering bid prices, ..., wherein the credit points are not owned by but made available to any bidder who is qualified, and wherein for each group of one or more points there is an expiration date at which unredeemed points from such group are eliminated; and

an auction server operatively linked to the web server for receiving and processing one or more bids..., wherein the auction server is configured to reserve points representing payment units for covering the first bid price ..., and points representing payment units for covering the second bid price ..., the auction server being further configured to redeem reserved points of a winning bid...

Claim 8 is directed to an auction processing server which includes, in part:

an account file containing account records of points, including credit points, ..., wherein the credit points are not owned by but made available to any of the bidders who is qualified, and wherein for each group of one or more points there is an expiration date at which unredeemed points from such group are eliminated;

a web server operative to receive bids... with a bidder-selected number of points; and a database server operative to reserve the bidder-selected number of points from the respective bidder's account record..., wherein the reserved bidder-selected number of points... are redeemed ...

Claim 11 is also directed to an auction processing server. This auction processing server includes, in part:

an account database with account records in which points, including credit points, are maintained in encrypted form, the points being redeemable and representing payment units, wherein for each group of one or more points there is an expiration date at which unredeemed points are eliminated, wherein each account record is associated with a bidder, and wherein the credit points are not owned by but made available to any of the bidders who is qualified for storing payment units;

a first logic operative to receive bids... with a bidder-selected number of points and an automated maximum number of points;

a second logic operative to reserve each bidder's automated maximum number of points...; and

third logic operative to redeem the reserved points of a winning bid.

By contrast, the proposed combination of cited art includes Fisher's computerized auction system and Brett's automated event ticket auctioning system. More specifically, Fisher's computerized system is for conducting a multi-person interactive auction where bids are submitted and validated and where bidder information is submitted along with the bid and stored in a customer record (see, e.g., Fisher Abstract, col. 4, line 46 to col. 5, line 6, col. 6, col. 8 lines 30-41, and col. 10, lines 12-19). Brett's system for real-time auction of event tickets requires user (bidder) registration involving submission of credit information (identity and credit limit) and validation of same against information obtained through existing credit card systems (col. 7, lines 28-30 and col. 7, line 50 to col. 8, line 3). With Brett's system, if the credit card information is valid and the amount specified by the bidder does not exceed the credit limit, an 'authorization only' hold is placed for such amount on the bidder's credit card (such amount being the maximum bid allowed).

Indeed, unlike the claims<sup>4</sup> of the present invention, the proposed combination of Fisher and Brett fails to disclose using "points", let alone "reservation of point." Also, the credit card information in the proposed combination is not "points... for covering bid prices" held in "accounts" for "bidders," unlike the present invention. Likewise, the credit card information for authorizing payment which, in the proposed combination, is obtained through a third party's credit card system is not the same as having, in the claimed invention, the points accessible in an "accounts database" at the auction system and auction processing server system, respectively.

<sup>4.</sup> Claims 1, 8, 11, and their respective dependent claims.

Furthermore, the credit card information provided by a credit card system in the proposed combination is unlike the "credit points" of the present invention. As recited in claims 1, 8 and 11, credit points are "not owned by but made available to any bidder who is qualified."

Additionally, claims 1, 8 and 11 further recite that "for each group of one or more points there is an expiration date" which the combination of Fisher and Brett is missing. In other words, none of the features outlined above are thought or suggested by the combination of Fisher and Brett.

In addition, although Fisher and Brett are both directed to auctions, these auctions are different and unrelated. In other words, not only does the combination not produce the claimed invention as recited in claims 1, 8 and 11, such combination is not suggested in Fisher and/or Brett for producing the present invention.

The dependent claims, 2-7, 9 and 10, are themselves distinguished from the combination of the cited art, Fisher and Brett. Dependent claim 2, for instance, recites an auction-redemption system in which the "auction server is further configured to unreserved the reserved points" which is not present in the proposed combination of Fisher and Brett. By analogy, the "unreserved points" features in claims 13 & 14 are also missing from the combination of Fisher and Brett. Dependent claim 3, recites, in part, an auction-redemption system in which "the auction server is further configured to determine if ... bid satisfies... a minimum bid increment...," and this feature is absent from the combined teachings of Fisher and Brett. Claim 4 recites, in part, an auction-redemption system in which "the auction server is further configured to set aside the points in a sub-account," and this feature is also missing from the Fisher-Brett combination. Claim 6 recited "incentive points" and claim 7 recites converting unredeemed points to cash, neither of which are present in the combined teachings of the Fisher and Brett. Hence, claims 1, 8 and 11, and their respective dependent claims are patentably distinguishable from Fisher and Brett.

As to the rejections of claims 15-17, 27 and 28, the Examiner relied on Fisher in combination with Copple.

Claim 15 is directed to point-based auction system which includes, in part:

a database with accounts for holding points in encrypted form, the points including credit points not owned by but made available to users who are qualified and any number of incentive points awarded to such users,..., wherein for each group of one or more points there is an expiration time;

a processor;

a communications port...;

a memory embodying a computer program for taking as an input bids..., each bid constituting a number of points..., said computer program having program instructions for causing the processor to perform the steps of: (a) validating each bid by checking it against the database to confirm that the user... owns at least the number of points specified in the bid, (b) storing ... current high bid, (c) reserving a number of points equal to the current high bid ... to prevent use of the points for any other purpose unless and until unreserved, (d) unreserving reserved points once a higher bid is received and validated, (e)... awarding the item to the user with the highest bid..., (f) subtracting the number of points representing the winning bid..., and (g) discarding from the accounts any unredeemed points whose time has expired.

Claim 27 is directed to a point-based computerized auction system which includes, in part:

a database with accounts, each account being associated with a user and having points, including credit points not owned by but made available to the user if qualified and any number of incentive points awarded to the user, the points being maintained in encrypted form, wherein for each group of one or more points there is an expiration date:

a communications port operatively connected to one or more clients, wherein a client is associated with a user;

a processor; and

a memory embodying a computer program having program instructions for causing the processor to perform the steps of: (a) taking as inputs reserve amounts and bids received from users through the communications port, each reserve amount representing a maximum number of points to be reserved for an auction from a respective user's account, each bid submitted by a user for one or more items consisting of a number of points to be redeemed from the respective user's account, (b) checking each reserve amount against the database to confirm that the user submitting the bid owns at least the number of points specified in the respective reserve amount, (c) for each reserve amount, subtracting that reserve amount from a respective user's account, (d) checking each bid against the database to confirm that the bid is lower than the reserve amount associated with the bid, (e) storing information identifying the current high bid, (f) unreserving the reserve amount once a higher bid is received and validated, (g) at the end of the auction, awarding the item to the user with the highest bid at that instant, and (h) removing any unredeemed points whose time has expired.

By contrast, the proposed combination of Fisher and Copple's teachings includes Fisher's computerized auction system and Copple's points collection-redemption method. Again, Fisher's computerized system is for conducting a multi-person interactive auction where bids are submitted and validated and where bidder information is submitted along with the bid and stored in a customer record (see, e.g., Fisher Abstract, col. 4, line 46 to col. 5, line 6, col. 6, col. 8 lines 30-41, and col. 10, lines 12-19). Copple's method for redeeming collectible points uses on-line

bidding for promotional items (Copple, e.g., abstract, col. 1, lines 20-59, col. 2, lines 45-58, col. 4, lines 8-11 & 27-34, col. 5, lines 12-22, col. 6 lines 57-63, col. 7, lines 26-30, and col. 8, lines 30-32). In Copple's method, the number of redeemable points collected by the bidder is the maximum number of points that the bidder is allowed to bid (col. 5, lines 12-22). Unredeemed points are credited back to the bidder (col. 6, lines 57-63).

Thus, even though it is different from the combination of Fisher and Brett in that this time it involves points, the proposed combination of Fisher and Copple does not have all the elements of claims 15 and 27. For instance, much like claims 1, 8 and 11, claims 15 and 27 recite "the points including credit points not owned by but made available to users who are qualified and any number of incentive points awarded to such users," and "for each group of one or more points there is an expiration time." Such features are missing from the combination of Fisher and Copple. For this reason, claims 15 and 27, and their respective dependent claims are also patentably distinguishable from the art relied on by the Examiner, Fisher and Copple.

As to the rejections of claims 19-22, the Examiner relied on Fisher in combination with Walker and Copple. Independent claim 19 is directed to an auction method performed by a networked computer system. By analogy to the systems recited un claims 1, 8, 11, 15 and 27, the method of claim 19 includes, in part, the step of "instantiating in a server a database with a plurality of accounts for holding points in an encrypted form, the points in each account of a user including credit points not owned by but made available to such user if qualified and incentive points if any are awarded to such user, wherein for each group of one or more points there is an expiration time."

Applicants have already established that the combination of Fisher and Copple does not have such limitations, particularly the credit points and the groups of one or more points with expiration time. Then, because Walker does not make up for the deficiency in the combination of Fisher and Copple, the combination of Fisher, Walker and Copple also does not have this feature. Specifically, Walker is directed to an electronic gaming system through which a player is offered access to premium content entertainment services (Walker, e.g., abstract, col. 2, lines 32-40, col. 4, lines 27-67, col. 5, line 61 to col. 6, line 33, and col. 8, lines 10-25). Walker's electronic gaming system provides to players complimentary access to a premium entertainment service as an incentive for continuing to play in lieu of a prize or in addition thereto (col. 4, lines 26-32).

Walker's system tracks players and for each player stores historical information, including reward points, in a database (col. 8, lines 10-25). In other words, even if the combination of Fisher, Walker and Copple were to include the tacking in a database of historical information, including reward points, this combination does not have the claimed invention feature of "credit points..." and "for each group of one or more points there is an expiration time," as recited in claims 19.

Notably, the gaming system in Walker has nothing to do with the auction systems in Fisher and Copple and the combination of these references is improper. This is further demonstrated, for example, by the fact that while Walker is in Int'l Class 463/42 Fisher and Copple are in Int'l Classes 705/14 and 705/37, respectively. For all these reasons, claim 19 and its respective dependent claims are patentably distinguishable from Fisher, Walker and Copple.

As to the rejections of claims 23-26, as well as the apparent rejections of claims 29-33 and 35-36, the Examiner relied on the combination of Copple and Walker. Here again there are reasons why the proposed combination does not support such claim rejections.

Particularly, claim 23 is directed to a computer system with a (first) database characterized in that it has "at least a first of three entries of points for each user of which the first entry is of points, including incentive points, which are held for such user, the second entry is of points which are reserved for a bid, if made, out of the first entry of points, and the third entry is of credit points not owned but available as a credit to such user if the user is deemed qualified, wherein for each group of one or more points there is an expiration time."

As well, claim 29 is directed to a method performed by computer that includes, among others, the step of "instantiating a database in a computer with a communication port for receiving bids from users, the database being instantiated for maintaining a plurality of accounts that hold points in encrypted form, wherein in each account for a user the points include incentive points if any are awarded to the user and credit points not owned by the user but made available to such user if qualified, and wherein for each group of one or more points there is an expiration time."

By contrast to the system and method of claims 23 and 29, respectively, the proposed combination of Copple and Walker includes Copple's method for redeeming collectible points using on-line bidding for promotional items and Walker's electronic gaming system through which a player is offered access to premium content entertainment services (Walker, e.g., abstract, col. 2, lines 32-40, col. 4, lines 27-67, col. 5, line 61 to col. 6, line 33, and col. 8, lines 10-25).

Clearly, claims, 23 and 29 include elements that are missing from the combination of Copplle and Walker. That is, both claims 23 and 29 include "points including... credit points not owned by the user but made available to such user if qualified" and "for each group of one or more points there is an expiration time," and these features, among other things, are missing from the combination of Copple and Walker. Again, this combination is improper because the two references, Copple and Walker, are in such diverse fields of endeavor. Therefore, claims 23 and 29, and their respective dependent claims are patentably distinguishable from the combination of Copple and Walker.

Having reviewed the references vis-à-vis all the rejected claims, it is important to further note that no possible combination, now proposed or later contemplated, of Fisher, Copple, Brett and Walker, would produce the claimed invention as recited in these claims, with or without the alleged knowledge in the art. In other words, Applicants believe that the claims as now presented are allowable over every possible combination of Fisher, Copple, Brett and Walker. Thus, Applicants respectfully request reconsideration and withdrawal of the claim rejections under 35 U.S.C. §103 of claims 1-17, 19-33 and 35-37.

Because Applicants believe that the claims are allowable, Applicants further believe that the application is now in condition for allowance. Thus, reconsideration and a Notice of Allowance of the pending claims, 1-17, 19-25, 27-33, 35 and 36, is hereby respectfully requested.

Respectfully submitted

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